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Tokyo Domino Won't Knock U.S. Over, Greenspan Says

By Lawrence Malkin International Herald Tribune NEW YORK — Seeking to calm fears that Japan might bring its money home from America...



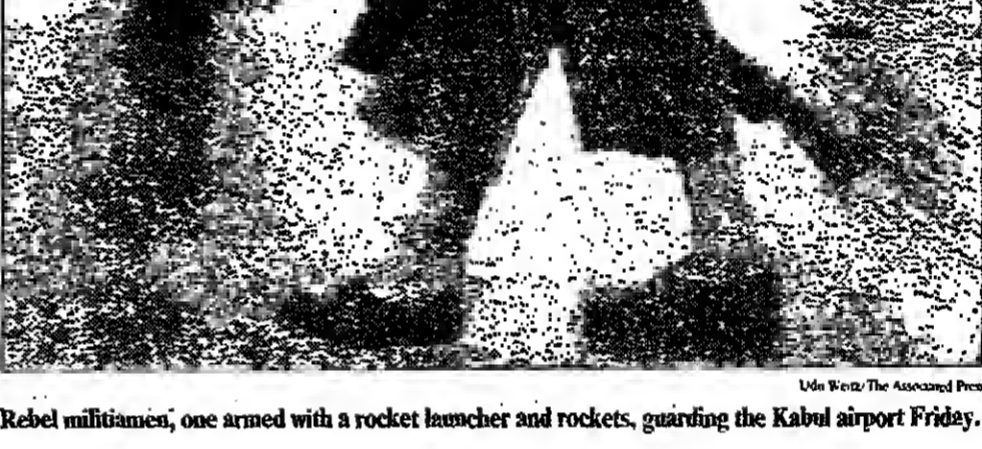
Rebel militiamen, one armed with a rocket launcher and rockets, guarding the Kabul airport Friday.

Radical Muslims Call on Kabul To Surrender

Foreign Minister Seeks Out Guerrillas for Negotiations KABUL — Radical Muslim rebels took up positions on the outskirts of the Afghan capital on Friday...

Perot: From Bush Ally to Foe President Dragged Heels on MIAs, He Says

By John Mintz Washington Post Service WASHINGTON — In 1986, the Dallas billionaire H. Ross Perot, frustrated that his quest to bring home U.S. servicemen he suspected were still in Vietnam...



Rebel militiamen, one armed with a rocket launcher and rockets, guarding the Kabul airport Friday.

In Bosnia-Herzegovina, Fears of Coming Armageddon Grow

By Blaine Harden Washington Post Service BELGRADE — Western warnings that Serbia's aggressive actions in Bosnia-Herzegovina could make it the parish of Europe seem to have fallen on deaf ears...

Malta and Libya Linked by Ferry

VALLETTA, Malta (AP) — A 310-passenger hydrofoil began ferry service on Friday between Malta and Tripoli to get around the UN sanctions that ban flights to Libya.



READY TO GO — Hostesses showing off their uniforms in front of the Japanese pavilion at Expo '92 in Seville. On Friday, fire destroyed the South Pacific Islands pavilion, but organizers were confident that the fair would open on Monday as planned. Page 5.

Day of Reckoning for France? Demands Grow for a Review of Nazi Era

By William Drozdiak Washington Post Service PARIS — After five decades of muted shame over collaboration with the Nazis during World War II, a national outcry is sweeping France...

Jerusalem Gridlock: Christians, Jews, Muslims and Tourists

By William Schmidt New York Times Service JERUSALEM — Near the heart of the Old City, at the intersection of two ancient stone passages, there was traffic gridlock: Good Friday processions of French and Maronite pilgrims carrying large wooden crosses had collided with Arabs and tourists coming from the opposite direction...

Shoes With Koran Verse Anger Muslims in U.K.

LONDON — British Muslims expressed outrage Friday over the sale in England of women's shoes bearing a verse from the Koran, their holy book.

TODAY'S LESTATE KETTLEBLACK

WT 41705 TAX FRI... KONS... TABLE... LEGAL SERVICES... U.S... REF... DISCOUNT

Page 13 FOR MORE CLASSIFIEDS

LATIN AMERICA... MIDDLE EAST... FAR EAST... AUSTRALIA



BRIEFS

Port to Kuwait AP — In a move that is expected to...

S. Vow to Arabs government to build not complete...

Etna Operation new — Strong wind hit Mt. Etna...

ivana Cuts Power state electricity company to...

Fingerprinting a new — A new system of fingerprinting...

UPDATE lan for Subway moment may...

Asia This week's headlines, covering...

Europe This week's headlines, covering...

Latin America This week's headlines, covering...

North America This week's headlines, covering...

Cut-Rate MiG Offer To Malaysia Worries West's Arms Makers

By Michael Richardson International Herald Tribune KUALALUMPUR — Malaysia is considering...

The Commonwealth also would accept a substantial part of the payment in palm oil...

An undertaking by the Commonwealth to start deliveries of the MiG-29s next year...

The MiG-29 is on a shortlist with the American F-16 and F-15, and the French Mirage 2000...

For example, the cost of a U.S.-made F-16 with training and spares is around \$26 million per aircraft...



FORCED HOME — A U.S. Coast Guard launch loaded with Haitians prepares to cast off from a cutter near Port-au-Prince, Haiti...

The House, to Its Debit, Almost Managed to Self-Destruct

By Guy Gugliotta Washington Post Service WASHINGTON — With "full disclosure," the House Bank scandal has come full circle...

Months of humiliation. Instead, it voted to laud an investigation. "I think it was a mistake born of good intentions..."

Opposition Rejects Fujimori's Call For a 'Dialogue' on Peruvian Crisis

By James Brooke New York Times Service LIMA — Seeking to break Peru's political impasse, President Alberto Fujimori has called on...

García wrote, "No democrat should become compromised with Alberto Fujimori's military dictatorship..."

FRANCE: A Day of Reckoning?

(Continued from page 1) shal Philippe Pétain's government was not totalitarian and "did not itself practice a policy of ideological hegemony..."

China Reported to Plan Curb on Police Torture

BEIJING — China's top prosecutor's office has ordered a crackdown on the use of torture during police interrogations to counteract international criticism...

Libel Judgment By a U.K. Jury Is Null in N.Y.

NEW YORK — Calling British libel law antithetical to the protections afforded the press by the U.S. Constitution...

Priest Is Mugged At a N.Y. Bank

NEW YORK — A priest was pistol-whipped and robbed at a bank teller's window where he was depositing about \$50,000 in school tuition money...

V.M. Chabukiani, Soviet Dance Master, Dies at 82

NEW YORK (NYT) — V.M. Chabukiani, 82, a Soviet ballet master and choreographer who became the first Soviet dancer to tour in the United States...

Nika Hazelton, 84, Wrote Books on Basic Cooking

NEW YORK (NYT) — Nika Hazelton, 84, whose cookbooks have been a mainstay of serious cooks for nearly half a century...

U.S. Court Says Guam Can't Ban Abortions

By Ruth Marcus Washington Post Service WASHINGTON — A federal appeals court has overturned Guam's sweeping ban on abortions, declaring that recent Supreme Court rulings had not eliminated a woman's constitutional right to choose abortion...

The Guam law outlawed abortions except when pregnancy would endanger the life of the mother or "gravely impair" her health. "If the core of Roe remains good law," Justice Canby said...

AMERICAN TOPICS

Ford and California Unveil Cleaner Cars California state anti-smog officials and Ford Motor Co. have unveiled two new automobile models that they said were the cleanest-running cars ever approved for mass production in the world...

Hollywood's Alec Baldwin and Jessica Lange have opened on Broadway in a revival of Tennessee Williams' "A Streetcar Named Desire" in roles created in 1947 by Marlon Brando and Jessica Tandy...

Advertisement for Gallery Hotel in Barcelona, featuring amenities like 110 rooms, 5 suites, and a swimming pool.

Advertisement for dining and entertainment, listing various restaurants and venues with their addresses and phone numbers.

INTERNATIONAL Herald Tribune

The World vs. Gadhafi

Bush's Compromise

It is satisfying that the Security Council has imposed mandatory sanctions against Libya for its terrorist activities.

Arabs Are on Board

Muammar Gadhafi may for a time survive the mandatory sanctions that the United Nations has now imposed against Libya.

Exercise in Democracy

Americans watching the turmoil in the Congress of People's Deputies this past week had two reasons to be pleased.

Immigration in Germany

The news that Germany is now considering major changes to its immigration law propels further a Europe-wide review of the related but not identical subjects of immigration and cultural diversity.

uncertain political legacy without definitively closing down Gadhafi terrorism, as the subsequent bombings showed.

surest way of preventing their repetition. By disputing the legality of the UN action, Colonel Gadhafi bolstered the collective security against him.

and collective farms who ran the old Communist economy and whose support is essential if reforms are to succeed.

As the overflow presence of such asylum-seekers inflames existing anti-foreigner feeling, the German government has made matters worse by describing the problem exclusively as abuse of the asylum law.

OPINION Make It a War Crime to Destroy Our Heritage Sites

WASHINGTON—When Mahatma Gandhi was asked what he thought about Western civilization, he answered, "I think it would be a very good thing."

The Democracies Should Be Wary of Technocratic Shortcuts

WASHINGTON—It becomes ever clearer that George Bush, without saying so, is dead serious about strengthening international institutions and functions that have traditionally been viewed as the business of national governments.

The Communists in Vietnam Will Have to Give Way

HANOI—Vietnam is trying to reconcile market economics with an authoritarian system. Leaders know of the link between economic and political changes.

The 'Peru' Option Looks Like Expedient Tyranny

WASHINGTON—Suddenly, it is not Shining Path terrorism or the cocaine trade or the general misery that seems to distinguish contemporary Peru but a strange sort of coup d'etat.

All Right, Jesse Jackson, Let's Talk

NEW YORK—In Los Angeles last Saturday, Jesse Jackson delivered a speech built around a message to American Jews.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Chairman

IN OUR PAGES: 100, 75 AND 50 YEARS AGO 1892: Easter Attractions NEW YORK—The weather yesterday (April 18) was simply perfect for the Easter Sunday parade of the crowd of charmingly dressed women on Fifth Avenue.

# German Aide Sees Early Release for Some Terrorists

By Stephen Kinzer  
New York Times Service

FRANKFURT — The German justice minister has requested the apparent release of some of the Red Army Faction terrorists, a move that could mark the beginning of the end for the group, according to a German aide. The aide, who is not speaking on the record, said the minister has asked that at least some of the group's imprisoned members be freed.

mer East German secret police, the Stasi, sheltered, trained and supplied the group, hoping that it would destabilize life in West Germany.



Two legislators, Erdam Tashkzhanov, a Buddhist monk, left, and the Orthodox Archbishop Platon of Yaroslavl, talking Friday during a break at the Congress of People's Deputies in Moscow.

# Despite Fire, Seville Says It's Ready for Expo '92 Opening

By Barry James  
International Herald Tribune

It is the first universal exposition since the one in Osaka, Japan, in 1970. Spain looks on the exposition not only as a commemoration of the discovery but also as a celebration of Spain's return to democracy and its coming of age in the European Community.

Japan celebrates not its technology but its people and tradition in a building of curved timbers that resembles a Samurai warrior's sword.

The fair offers visitors a vista of stunning modern architecture. Under a golden canopy that echoes Seville's Moorish style, Spain has assembled the work of its greatest artists and sculptors.

Spain looks on the exposition not only as a commemoration of the discovery but also as a celebration of Spain's return to democracy and its coming of age in the European Community.

Seville security officials received news of the arrest in France last month of three top Basque terrorist leaders with relief. But they are taking no chances of the risk of an attack by members of the ETA separatist organization.

# U.S. Readies Aid for Bosnia as Serbs Take a Town

By Chuck Sudetic  
New York Times Service

SARAJEVO, Bosnia-Herzegovina — Despite mounting U.S. pressure on Serbia and the pro-Serb Yugoslav Army to halt their dismemberment of this multiethnic country, Serbian irregulars overran the Bosnian town of Foca on Friday and nationalistic Serb leaders proposed partitioning Sarajevo itself.

The UN peace envoy, Cyrus R. Vance, said Friday that he was not discouraged by his talks this week with Serbian, Croatian, Muslim Slav and Yugoslav Army officials aimed at stopping Bosnia-Herzegovina's plunge into civil war.

Heavy fighting flared across an arc-shaped corridor populated mostly by Muslim Slavs and Croats but coveted by the Serbs because it links up predominantly Serbian enclaves in the republic.

The Yugoslav Army said, meanwhile, that it had routed Muslim and Croatian strongholds in the western towns of Neum, Trebinje and Stocak.

In addition, key Milosevic lieutenants proclaimed a state of emergency inside Bosnia-Herzegovina this week and ordered a general mobilization of all Serbs.

# Russia Is to Remain 'Federated,' After All

By Stephen Kinzer  
New York Times Service

MOSCOW — Russia deputies, stung by warnings of ethnic unrest, on Friday reversed their previous day's decision to restore "Russia" as the country's sole name.

Deputies stood and applauded loudly after voting, 759 to 77, to endorse two titles — Russia and the Russian Federation.

By a similar margin Thursday they had chosen Russia, implicitly overlooking the many ethnic minorities living between the Baltic and the Pacific.

In Thursday's vote, the deputies, including many from autonomous regions, had underestimated the power of a name in a country with a precarious ethnic balance.

On Friday, the deputies, including many from autonomous regions, had underestimated the power of a name in a country with a precarious ethnic balance.

The Russian delegation chief, Yuri V. Dubinin, told reporters that Moscow was continuing to insist that the bulk of the former Soviet fleet belonged to the joint strategic forces of the new Commonwealth of Independent States.

Some officials were incoherent, he recalls Mr. Perot saying, others seemed corrupt, and many suppressed facts about MIAs.

The aide defended the government, answering the allegations, and Mr. Perot became angry because "he wasn't getting answers he wanted," Mr. Perot told him.

# PEROT: On MIAs, He Turned From Bush Ally to Foe

(Continued from page 1)

He also said he had "no vendetta" against Mr. Bush. Two weeks later, asked about his MIA activities and Mr. Armitage, Mr. Perot placed most comments off the record, then issued what he said was a warning to the Bush campaign: "This one is going to be really damaging to their cause.

Mr. Perot has been an unofficial guru of former Vietnam prisoners of war and families of servicemen missing in action since December 1969, when at the height of the Vietnam War he flew to Asia, bringing food and medicine that he attempted to persuade North Vietnamese officials to let him deliver to American POWs.

Mr. Perot has said at times that U.S. officials were reluctant to pursue MIA leads to avoid being embarrassed by earlier statements that they knew of no live MIAs.

Other officials were incoherent, he recalls Mr. Perot saying, others seemed corrupt, and many suppressed facts about MIAs.

When Mr. Armitage was nominated by Mr. Bush to be army secretary in 1989, Mr. Perot and MIA groups attempted to defeat the nomination.

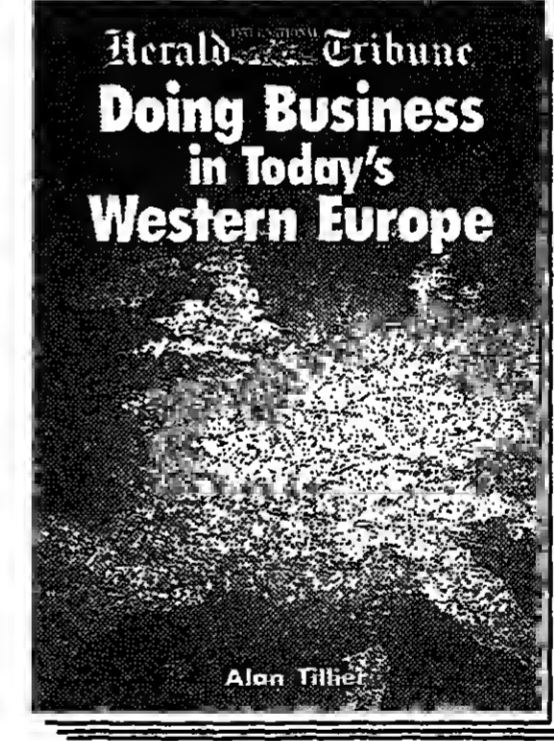
Other officials came to Mr. Armitage's defense, including Representative Stephen J. Solarz, Democrat of New York, who called him "a man of honor, integrity, decency and patriotism." But Mr. Armitage

# Quake Jolts Bologna Region

ROME — An earthquake measuring 5.6 degrees on the 12-degree Mercalli scale shook the region around the northern Italian city of Bologna on Friday, officials said. No damage or casualties were reported.

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EUROPE

ASIA/PACIFIC

Rover Plans to Set Up Car Venture With Bulgarian Defense Ministry

SOFIA — Rover Group Ltd. is planning a joint venture with the Bulgarian Defense Ministry to produce three types of vehicles in former military plants, a government official said Friday.

Budapest To Restrain Devaluation

BUDAPEST — Hungary will devalue its currency by less than the rate of inflation this year, forcing exporters to increase efficiency to remain competitive, the central bank president said Friday.

GREENSPAN: Staying Calm

(Continued from page 1) Greenspan said that while he is not forecasting a recession, he is not forecasting a boom either. He said the economy is moving in a "moderate" direction.

Yorkshire Coal Miners Open Way for a Strike

LONDON — Coal miners in the key Yorkshire region voted narrowly in favor of strikes in Britain's coal industry, the National Union of Mineworkers said Friday.

Japanese Life Insurers Feel the Heat

TOKYO — Japanese life insurers, hit hard by plunging stock prices and falling interest rates, are redefining their investment portfolios and moving to cut dividends to policyholders, analysts said Friday.

Tokyo's Cross-Shareholdings Frayed, Not Torn

TOKYO — The system of cross-shareholdings that binds Japanese companies together and makes hostile takeovers rare is weakening but not unraveling as bank stocks, in particular, are being sold, analysts said.

COMPANY RESULTS

Table with columns for company names (e.g., Golden West, United States, BankAmerica, Block & Deckard) and their financial performance metrics for 1991 and 1992.

Very briefly:

- Gillette Co. will begin making Trac II and Atra razors and blades late this year in St. Petersburg, in a joint venture with Lenta, a Russian manufacturing association.

Hyundai Founder Worried

SEOUL — Chung Ju Yung, the founder of the Hyundai conglomerate, warned Friday that the group could collapse this year if the government did not halt what he termed its suppression.

Very briefly:

- VID-Public Bank, a 50-50 joint venture between the Vietnam Bank for Investment & Development and Public Bank of Malaysia, has been given a license to operate in Vietnam.

RELIGIOUS SERVICES

AMSTERDAM: CROSSROADS INTERNATIONAL CHURCH OF THE NETHERLANDS... BERLIN: INTERNATIONAL BAPTIST CHURCH OF GERMANY... BUDAPEST: INTERNATIONAL BAPTIST CHURCH OF HUNGARY...

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THE ECONOMY REPORT

FIRST COLUMN A Bang? A Whimper? No: Banker

HERE is a commonly used financial aphorism which has the unusual merit of being largely true as well as fashionable. It describes the evolutionary path of financial projects: They start with a bang, and end with a whimper.

W HAT they are assessing is the worth of such developments as the London Docklands Canary Wharf office facility, which is seen as one of Olympia & York's least attractive assets.

Steel Stocks Have a Rusty Look Slack Management May Slow Performance in Recovery

By Susana Antunes

THIS week's noises about the end of recession have been no more convincing than usual. The numbers from the United States showed increased but sluggish industrial production, and the fall in the amount of capacity used was a bad sign.

But once recovery takes hold in the world's major economies, some analysts say the biggest winners are likely to be those that lost most in the recession.

This kind of contrarian thinking might seem to augur well for steel stocks. After all, no sector has been hit harder than the European steel industry.

But it is more complicated than that. Despite drastic cutbacks, the steel industry has persistently suffered from overcapacity. And while the industry has been struggling hard to mend its ways, it may not yet be ready to take full advantage of the upswing.

The viciousness of the recession has exposed the structural problems that continue to haunt the industry. Once more, the industry's finances are coming under enormous pressure, and once more, it's being forced to rethink its strategies for survival.

Across the West, demand for steel fell by five percent last year, while steel prices are thirty per cent down on their peak levels of 1989. This year looks a little better.

backs in overall tonnages. Meanwhile, cheap imports from eastern Europe are beginning to cast a long shadow, while this week a row broke with the U.S. as American steelmakers complained about EC companies' offloading, or 'dumping', their excess capacity in the U.S.

On the other side of the equation, producers have seen the prices for steel plummet. But that is a problem almost entirely of their own making. Andy Chambers, of securities house Nomura, said, "Despite previous market lessons, the producers still went back to their old ways of protecting market share through prices. That was compounded by the fall off in volumes, and although most of the producers are still coming in with slightly positive trading performances, the industry can't be sustained on the sort of returns we're currently seeing."

Mr. Chambers identifies inherent structural problems. "The industry is still organized along national boundaries, and there's still a great deal of parochialism. But decisions that are politically difficult today, won't be any easier next year." Jeremy Fletcher, a director of Beddow's & Company, specialist steel consultants in the U.K., believes the core problem rests in the fact that demand through the economic cycle moves by 20 percent, but prices move by 30 percent.

The downturn has seen a profits collapse at British Steel, from £307 million (£325 million) to £19 million in its first half. Analysts forecast losses for the year of £100 million. France's Usinor Sacilor saw its first half profits tumble by 72 percent, and has warned that the second half will be worse. In Germany, Hoesch saw interim profits fall by 65 percent, and Krupp Stahl suffered a 69 percent decline.

This year, Europe's steel producers are attempting to address the price problem, by trying to force up prices by between 8 percent and 10 percent in two stages. The increases are being applied with varying degrees of rigor and are meeting with only limited success. British Steel reports that it has achieved increases in most products, but by not as much as it wanted.

Mr. Lowe points to those companies which are bound to emerge as the survivors, whatever happens to the steel industry. "Usinor" straddles the industry like a colossus, and the people who run it are very good. Amongst quoted companies, Luxembourg's Arbed stocks very good, not least because the steel industry there employs two thirds of the industrial workforce. And of course, Thyssen.

and the state-owned Ensidesa. Hoogovens, the Dutch producer, is in the middle of a four year cost cutting drive. Iva, the Italian state-owned group has drawn up rationalisation plans. Much hinges though on the German steel producers, which account for a third of EC production. They have been relatively slow to move, but there are at last signs of action. Thyssen, Germany's biggest, has recently announced job cuts and Hoesch and Krupp are hammering out a merger deal.

Mr. Lowe identifies two problems with this latest wave of rationalization: its cost, and the time it will take to go through. "At the end of the day, Europe's many producers can't all survive," he says.

But Mr. Fletcher reckons the entry into Europe of so-called mini mills, which use relatively cheap electric arc furnaces, may point the way forward. In the U.S., mini-mill producers are eating into the market share of the traditional integrated producers — some believe it is only a matter of time before the same happens in Europe. "There has got to be a move out of integrated steel making to automotive production and alternative technologies. Only then will producers achieve greater flexibility and variable costs which move with the economic cycle."

Mr. Chambers also believes more action is needed, but he says the trend is more likely to develop toward specialization. "We will see some companies exiting altogether from some business areas, and an increasing number of joint ventures. It will be a long drawn out process, but at the end of the day there will be three or four specialist producers in each area."

With the current vogue for cycle recovery stocks, a case can be made for investment in steel companies. But brokers urge caution. Mr. Chambers takes an overall negative stance. "There's not enough happening in the market place to justify sufficient recovery in earnings or dividends — steel is not a front end recovery situation." Mr. Morgan accepts that there is still a possible downside if recovery does not come through as quickly as hoped, but identifies a number of interesting situations. Thyssen, he believes, is financially quite strong and clearly one of the long term survivors and he reckons there is a case for buying a highly leveraged stock like Hoogovens, which has a substantial upside if the economy expands strongly. He favors Klockner as a speculative situation and Arbed of Luxembourg looks, he said, reasonable value.

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Steel: A Tempered Reaction to Recession

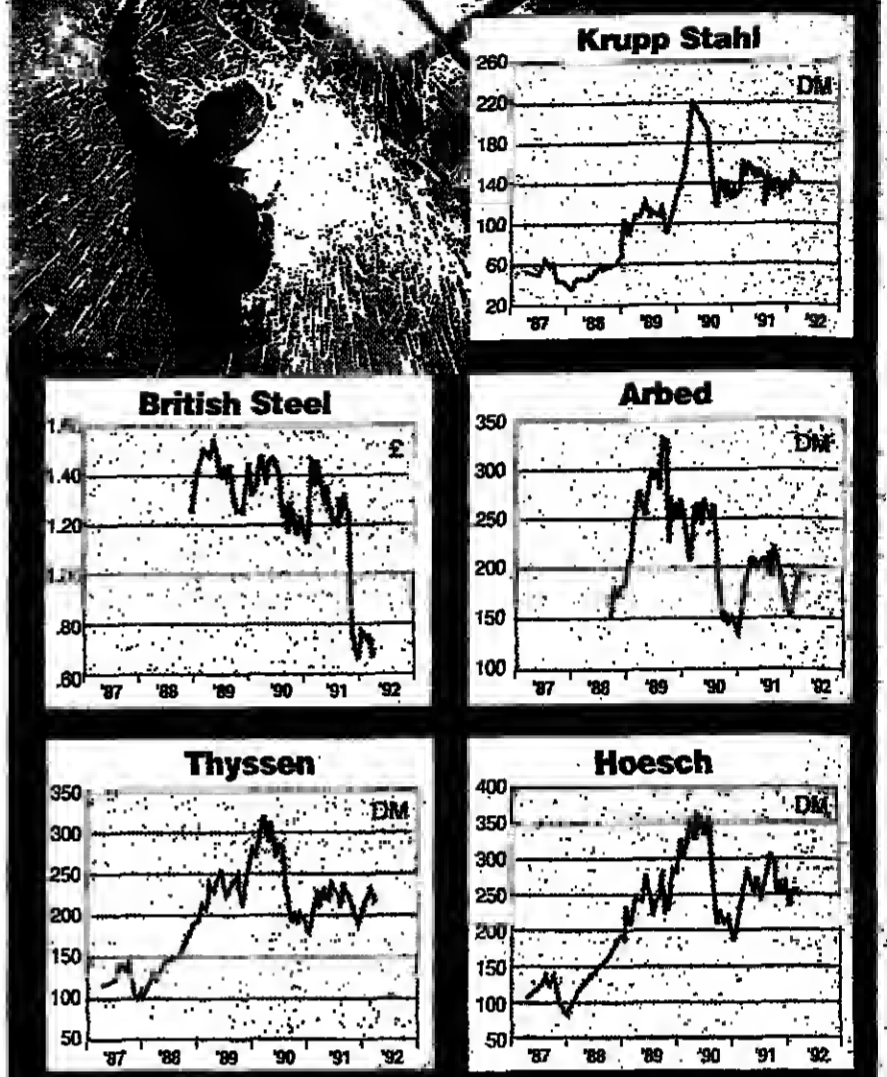


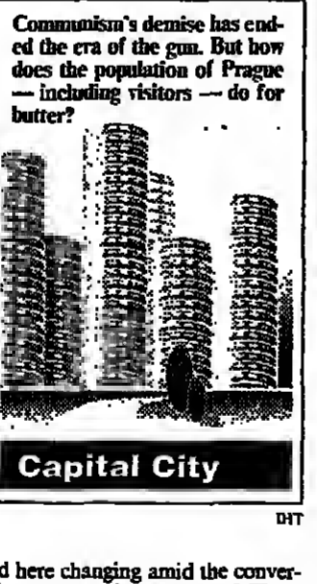
Table with columns: CILIDE STEEL PRODUCTION, STEEL CONSUMPTION. Rows: 1990, 1991, 1992 (metric tons, estimated, change %). Regions: EC (12), Other Europe, U.S., Canada, Australia & New Zealand, Japan, OECD.

In Prague, People's Money Is Changing With the Times

By Philip Crawford

THE storybook charm of Prague's Old Town Square is only slightly compromised by black market operators who slowly approach and offer their services. "Make change? Make change?" they ask, taking wallets bulging with multicolored currencies from their pockets.

another incursion: the logos of American cigarette brands splashed all over Prague's familiar, meandering streets. "What price capitalism?" is a question asked by visitors here who fear the city's enchanting, medieval aura will be ruined by the opening of American fast-food restaurants and the general onslaught of western hucksterism.



Communism's demise has ended the era of the gun. But how does the population of Prague — including visitors — do for butter?

sum, an initial deposit of 50,000 crowns (\$1,785) is often required to establish an account in crowns. Foreign residents and tourists are also limited to buying back only as much hard currency as they sold for Czech crowns when they entered Czechoslovakia.

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Shearson Lehman Note Is A Fan of London Footsie Shearson Lehman Brothers is about to launch a new entry in the genre of guaranteed investments, which promise a return of capital after a number of years, plus the potential for appreciation.

U.K.'s Ethical Investors Got to Do Their Own Thing The cynics would say it just had to happen: Custom-made clear conscience investment.

Gold is Holding Steady But Jewelry is Jumping The steadiness of the gold price has surprised some analysts. Many argue that heavy selling by a Russian government desperate for hard currency should have depressed the bullion price.

Czech Bourse to Follow French and Polish Models The first day of dealing in the extensive Czech privatization program is scheduled for May 18. More than 8.5 million holders of privatization coupons will be seeking to exchange them for shares in formerly state-owned companies.

Foreign Capital Reforms Off to Flying Start in India The Indian capital market reforms seem to be working well. The partial convertibility of the rupee has encouraged foreign portfolio funds to invest in Indian shares. Shares are up 35.3 percent, in dollar terms, over the month of March, according to the International Finance Corporation, a division of the World Bank.

they will have to do so on the tiny Prague stock exchange. Whether the exchange will be able to cope with a large volume of orders is unclear. Unfortunately, this week's announcement that the Paris Bourse will provide free software to help the Czechs model their market along French lines will not help. The software — valued by the Société des Bourses Françaises (SBF) at 20 million French francs will not be operational until the end of the year.

# Unity in European Real Estate Remains a Distant Dream

By Richard Phillips

WHILE Denmark and France have this week been expressing their doubts over the European Community's proposals for a single market in real estate, the single market in European goods and services is still scheduled for the end of the year, and has unquestioned support. And few lobby groups or professional bodies are more enthusiastic about the single market than real estate agents.

Although property is one of the most heavily regulated of all the EC's business sectors, one factor in favor of integration is the determination of European businesses to operate across borders, and the steady trans-Atlantic investment by American businesses over the last few years. The result: Far more design and overseas postings for company employees, many of whom are lured to buy a home of their own in their new country of adoption.

A recent survey of some 100 companies worldwide produced by Corporate Location, a U.K. information company, attests to the magnitude of the trend. Of the companies surveyed, some 20 percent have set up new European office offices on the back of the single market, while 90 percent of the companies intended further expansion into Europe.

Philip Swinden, a spokesman for the company, says that although integration may have slowed the rate of inward investment into Europe, this seems likely to be only a temporary blip in the overall upward trend.

Another factor promoting cross-border property deals is, simply, wealth. There has always been a market for the internationally rich. One firm to have capitalized on this business and developed an international operation, is fine art auctioneer Sotheby's. Its arts and antiques business gave it ready platform to extend its service into real estate.

Families disposing of the family heirlooms, so the argument goes, often want to sell off the family home at the same time. Operating

from its New York, London, and Paris offices, the firm says its international property arm has established a thriving business.

Moves to take this kind of service to a broader audience have been slow in coming. And the emergence of the severe downturn in many property markets around the world has forced many firms to put on ice any immediate plans.

One firm to have stolen a lead over the competition is U.S. real estate agent Century 21. So far it is the only U.S. agent specializing in residential property which has developed a substantial presence in Europe.

Set up 22 years ago in the U.S., it now claims to be the biggest chain in the world, with 7,300 branches worldwide, of which 6,000 are in the U.S. It established a French operation five years ago, and now boasts 340 offices across the country. In the U.K., it has 60 offices, while it is close to announcing the opening of its first offices in Spain and Germany.

Although most of the business is for domestic clients, the firm also operates an international referral operation, specifically for clients who want to purchase in another country. Although a franchise-based operation, it only buys into existing independent firms, and then only after a rigorous vetting procedure.

Century 21 France's managing director Frank Cluck's first advice to anyone looking to buy a property in France is "stay long."

The reason is that transaction costs associated with a property purchase in France usually amount to 8-10 percent of the purchase price. This means a sale after a few years is unlikely to show the capital gain a similar transaction in the U.S., or the United Kingdom might when times are good.

Again at the upper end of the market, is U.K. agent Knight, Frank & Rutley. It now has ties with local agents covering Spain's Costa del Sol, the Cote d'Azur in France, and Tuscany down to Umbria in Italy.

Christopher Cornell, head of the

firm's residential business in London, says there are two main reasons for targeting these areas: The prospect of increasing "Europeanization," and a reasonable turnover of up market properties.

Knight, Frank & Rutley has established an Italian base only in the last 18 months, and Mr. Cornell says the firm is "feeling its way slowly" in the area. "What we did not want to do was ride roughshod over local customs," he warns that it is essential for service buyers to instruct their own solicitors and accountants. Typical of the property for which Knight, Frank & Rutley would be instructed is a small Tuscan castle. Such properties are currently on the market at around \$1.75 million.

European property is very much subject to fashion — the gossip among agents on the Cote d'Azur for the last years has been the huge number of Italian buyers who once flocked to the region. But this wave seems now to have receded.

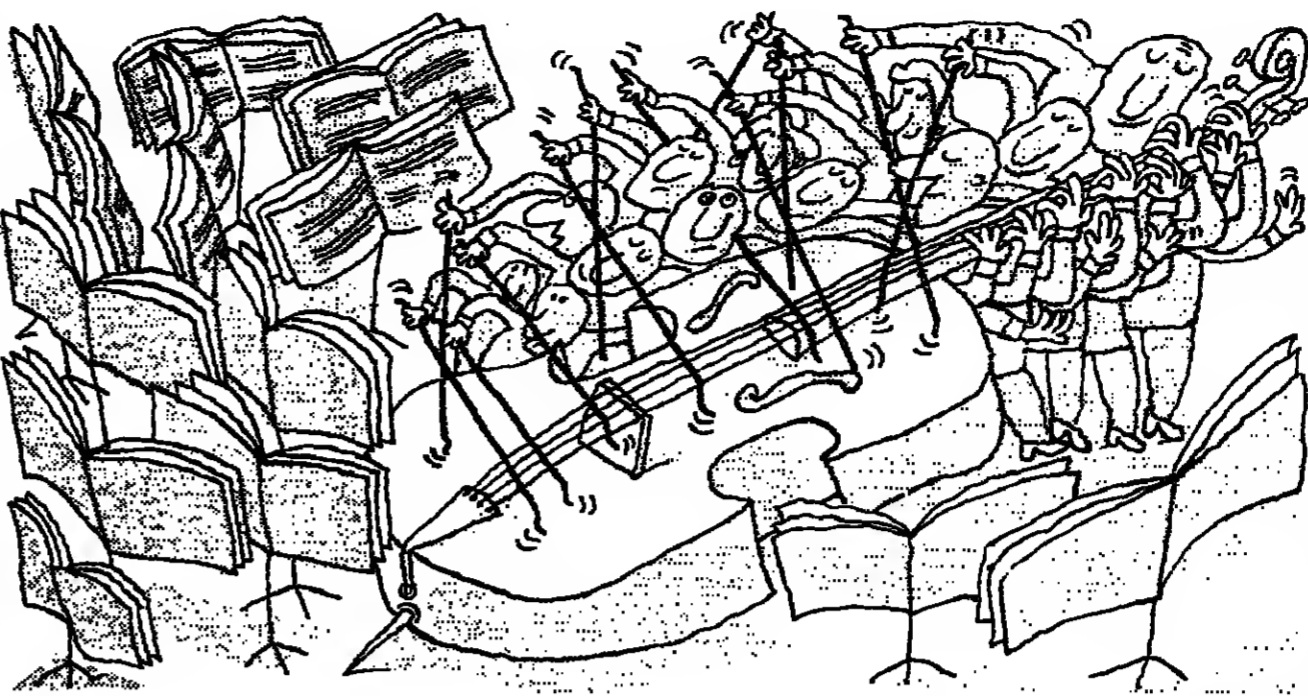
The German interest in international property remains fragmented, with thousands of small firms dotted across the country, and little in the way of national networks. Most of these are more concerned to build domestic networks before they start to look outside their national borders.

Fearsome domestic laws in most European countries however are the biggest obstacle to the emergence of a truly single market for property. Non-residents can often be frightened off. Jack Anderson, a partner at accountant's Ernst & Young's Paris office says: "There are thousands of Americans living in France, but you find very few of them take the plunge and buy a property." The reason in many cases, he says is the legislative burden.

A wealth tax on assets of more than 4.3 million French francs is one such snare.

Although Europe's bureaucrats have so far avoided changes to members' laws, there are many who believe these must come, if a truly open market for residential property in Europe is going to be a reality.

# THE MONEY REPORT



## Funds Take the Slow Train to Europe

By Conrad de Aenlle

THE EUROPEAN Community directive intended to provide a passport for investment funds to travel freely in the EC was passed two years ago. It has yet to fully achieve its aim: The passports have been issued, but the roads leading across the borders are in some cases barely passable.

The EC in 1985 approved its directive on "the coordination of legislative, regulatory and administrative provisions relating to Undertakings for Collective Investment in Transferable Securities." The term for which UCITS is the acronym is a complicated way of saying "funds."

A report by the London legal firm Clifford Chance explains that the purpose of the measure "was to achieve a degree of harmony in the basic laws regulating UCITS and to enable freer marketing of EC funds throughout the Community." But many observers believe it has failed at this, because the UCITS directive actually has minimal impact on the way funds are

marketed, leaving that to the member states.

Tim Herrington, the partner who heads the investor services group at Clifford Chance, said that without the directive, "I don't think [fund marketing] would be very different at all. I don't think UCITS has had much of an effect at harmonizing funds."

Certainly, some degree of harmony has been accomplished. The directive defined a uniform set of characteristics by which funds may be judged suitable for cross-border sale. The guidelines are similar to those for American mutual funds and UCITS units trusts.

A UCITS must be open ended, meaning it cannot have a fixed number of shares; it must be 90 percent invested in securities such as stocks or bonds, with the trading of options and futures allowed only for hedging; it must pay all its dividends gross to investors. The term UCITS, by the way, refers in common usage to this variety of fund and also to the directive itself.

Once a fund has been licensed as a UCITS in an EC country, approval by regulators in any other EC country is merely a formality.

Supervision of the fund is left to the home state. By most accounts, the directive has indeed made it less difficult to win authorization to sell funds across borders, especially in countries where regulators tend to be more rigid.

"It's much easier for foreign funds to sell their shares in Germany," said Andre Dembowski, marketing director at the Berlin fund management company F&V Vermögensverwaltung. "They only need to apply to the [regulatory body] Bundesanstalt für das Kreditwesen for approval. Before UCITS, the procedure was very complicated. [Working in Germany] may be easier now for fund managers, but it must be a sign painter's nightmare."

Under UCITS, she explained, an individual country can make its own licensing requirements more difficult than the Community-wide rules, but not more lax. French and Spanish laws are tighter, for instance, but those in Luxembourg and Ireland are quite loose.

But because a UCITS licensed in one EC country must be allowed to sell in any other, a fund manager can shop around for one of the

more loosely regulated countries for registration, then open for business in a more tightly controlled one.

This is what F&V did when it wanted to start a fund that invests in closed-end investment trusts, which are forbidden in Germany. F&V registered its fund in Luxembourg, where such funds are allowed, and then took it to Germany for BAK approval. Ms. Dembowski said, "They can't forbid it, but a German fund of the same type can't be sold in Germany, which is stupid."

For cross-border approval, she continued, "the registration procedure is the same all over Europe, at least for countries that have implemented the EC directive." The three laggards are Italy, which is just now putting the law into effect, and Greece and Portugal. The latter two were given until this year to implement the directive.

For foreign funds that don't fit within the directive's parameters, it can still be difficult and costly to win authorization. For one thing, at least in Germany, they must have a representative in the country, while a UCITS need not. Under German

law, managers of a UCITS "just hand in the paper work," and after two months, unless they hear otherwise from the BAK, they are free to start marketing. Ms. Dembowski said.

Nevertheless, she thinks the directive "didn't change a lot." One reason is that marketing is the tricky part of operating a fund, and UCITS says nothing in this regard.

As a recent issue of the European Financial Digest, a newsletter aimed mainly at institutional investors and other professionals, pointed out, "... since no marketing provisions are contained in the directive, each member state is permitted to apply its own marketing regulations, and there appears to be considerable variance of approach to marketing UCITS across the European Community."

Mr. Herrington of Clifford Chance put it this way: "It's like getting your ticket into the football stadium, and then you get in and find the pitch they're playing on has a different game from what you're used to."

Marketing laws are toughest in Britain and Italy, he said, while "the others are fairly liberal." The differences arise out of variations in familiarity with UCITS-type funds.

"The market is pretty diffuse in Europe due to the fact that UCITS are given different prominence in different places. UCITS are plenty rare in some of these countries."

Mary Blair, product development director at the giant Fidelity fund company, said that even though "the UCITS directive hasn't come up with a marketing directive... it's a great step forward."

"From a marketing point of view, if you wanted to tackle the European market before UCITS, you would have had to set up a domestic range of funds in each of the countries you wanted to set up business in, which would have been expensive and time consuming. The value of UCITS is you can set up one fund range and put all your efforts into it... The saving is basically administrative, but it's such an enormous saving. You don't want one accounting system in Germany and one in France."

UCITS, because it is "recognizable in every European country, they have a first stab at having a European business in a cost-effective way," Ms. Blair argued.

### ADVERTISMENT INTERNATIONAL FUNDS

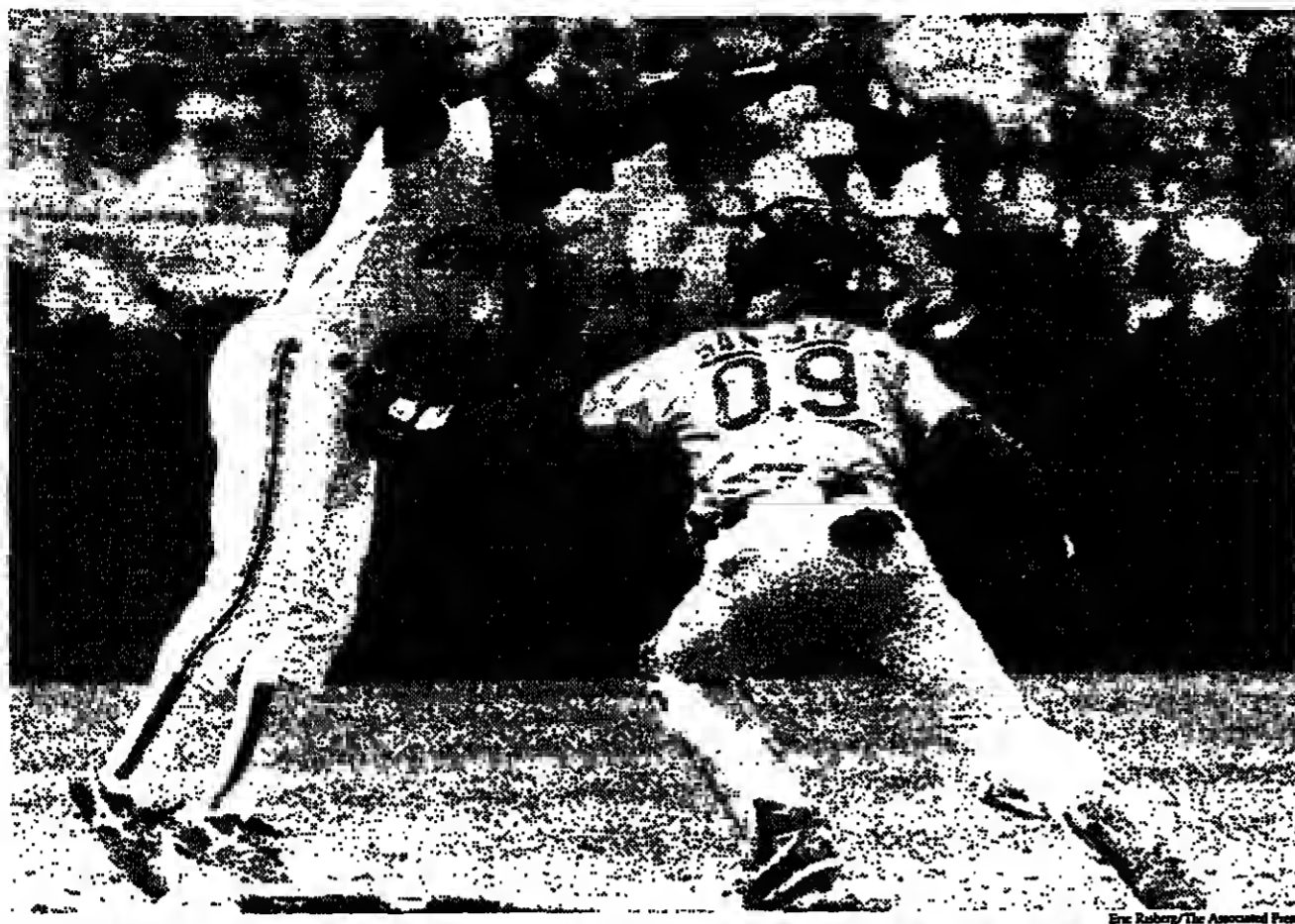
April 17, 1992

Table listing various international funds with columns for fund name, country code, and price. Includes sections for 'ADVERTISMENT INTERNATIONAL FUNDS' and 'Other Funds'.

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 52 12.



# SPORTS BASEBALL



Mike Felder of San Francisco being tagged out at the plate by catcher Benito Santiago of San Diego on a fielder's choice.

## The Angels' Good-Pitch Season

The California Angels figure to be a good-pitch, good-catch and no-hit team this season. They showed the heavy-hitting Texas Rangers how they can win three games in a four-game series with that combination. "Our pitching staff was just outstanding in the series," said California's manager, Buck Rodgers, after the Angels rallied with three ninth-inning runs to beat the Rangers, 3-2, on Thursday night in Arlington, Texas. "We only gave up six runs in four games against Texas and that's very good."

California's Bryan Harvey showed once again why he's the American League's best closer, winning a duel with Jeff Russell. "It was a big game to win, another one-run game," Rodgers said. "We better get used to it. We're going to be in a lot of one-run games this year."

"That's why it's so great to have a closer like Harvey. If you get a lead, you know you're going to keep it."

California scored three runs in the ninth inning as the Angels rallied to chase Brian Bohannon, who left with a three-hitter and a 2-0 lead. "Bohannon pitched an awful good game," Rodgers said. "Of course, a

chuck that Bob by Rose made in the seventh inning helped. If he didn't make the catch the game would have been broken wide open."

Rose made a diving catch of a pop fly with the bases loaded in the seventh to hold Texas to only one run.

Bohannon gave up a double to Chad Curtis to start the inning and...

**AMERICAN LEAGUE**

On game Russell, who yielded consecutive singles to Rose and Junior Felix. An error by third baseman Dean Palmer and Gary Gaetti's sacrifice fly doomed Russell (1-1) to his first loss.

"I think we were supposed to win this one," Gaetti said. "We kept getting out of jams and when you do that you usually win."

Harvey, who converted 46 of 52 save opportunities last year, earned his third of 1992. Harvey was the AL's reliever of the year in 1991.

"I wasn't happy about walking the leadoff hitter but it worked out," Harvey said.

Russell led the AL in blown saves last year, losing the lead in 10 of 40 occasions.

Chuck Crim earned the victory with spotless relief in the eighth inning.

White Sox 5, Mariners 4; George Bell hit a two-run homer and sin-

## NBA's Advice to Europe: Keep Shooting and Start Barking

By Ian Thomsen  
International Herald Tribune

**ISTANBUL** — Now Hubie Brown does not need a microphone. Hubie Brown could be addressing you from the other side of the Grand Canyon and he still would sound like someone yelling down from the third-floor window of an apartment building in Brooklyn to get the hell away from his car.

But Hubie Brown, standing on the floor of a tired old gymnasium here, was speaking into a microphone, amplifying a voice that was not made for churches or libraries, and above him in the stands were hundreds of Turkish basketball coaches, wearing headsets, so that they could hear the translated wisdom — like the United Nations' of what this famous American basketball coach had to say. At this particular moment he was speaking in a universal tongue, which is to say, he was barking.

"He quit," Brown said, grabbing by the jersey a player who had stopped playing defense the moment his opponent drove past him. "He quit, and when they quit, you gotta say something to 'em. You gotta You know why? Because if you don't say anything, he plays like a dog! And then they're all playing like dogs! You don't say anything and you have a kennel full of dogs! Woof! Woof! Arf!"

It can only be hoped, for the future of Turkish basketball, that an accurate translation was translated into the headsets, or else there are going to be a lot of coaches barking at players for no intelligible reason.

Brown spent the week of the European Final Four here teaching in his colloquial style the fundamentals of defense to local coaches, who can then pass that logic onto their players. Joined by Jack Ramsay, the second-winningest coach in the history of the National Basketball Association, and the former stars Calvin Murphy and Bill Walton, they will be conducting NBA World Clinics in Greece, Israel, Sweden and Mexico, with four more to be scheduled later this year. The three-year-old program was requested by FIBA, the international basketball federation.

"The European game is very competitive, but the players lack a lot of the basics," Murphy said. "They don't have the formal teaching. A lot of them are self-taught, and that's not bad. I was a self-taught player myself. But I had better models to learn from."

Because organized sports are not managed by their schools, Europeans tend to start playing basketball at a later age than Americans, which is not an indictment of European priorities.

"The system is entirely different over here," Ramsay said. "Here they have a club system. You join the club to play the sport, and you go to school to learn. We often do it the other way in America. We go to school to learn the sport, and the other learning is put off for some other time."

In effect, the NBA is acknowledging the ever-improving quality of foreign basketball. For years, European leagues were regarded as the retirement village of old NBA stars and fringe players, but that's a brittle stereotype. Unlike other European leagues, the Yugoslavs generally disdain hiring expensive American players. That policy rewarded them with their fourth straight European club championship on Thursday when Partizan Belgrade beat Joventut Badalona, 71-70, on a nearmaroon three-pointer with four seconds remaining by star guard Alexander Djordjevic, 25, who was invited to the Boston Celtics training camp last year.

Yugoslavia recently fielded a team of three NBA players — Vlade Divac, Drazen Petrovic and Stojko Vrankovic — as well as the global superstar Toni Kukoc and Dino Radja, who are the two highest-paid players in Europe. That team has since been divided by civil war. Nonetheless, the inability of the best U.S. college players to win gold medals, as well as skinny victories by the Los Angeles Lakers and New York

**'If you don't say anything, he plays like a dog! And then they're all playing like dogs! You don't say anything and you have a kennel full of dogs! Woof! Woof! Arf!'**  
Hubie Brown.

## Giants Gain an Ace In Ex-Reliever Swift

The early returns from the Kevin Mitchell trade are encouraging for the San Francisco Giants.

They lost a shifter to Seattle but appear to have gained an ace in Bill Swift, a converted reliever who pitched a second straight complete game and doubled and scored twice in Thursday's 6-1 victory over the San Diego Padres in San Francisco.

"It doesn't take a genius to look at a guy who's a good athlete and think, 'This guy can start,'" San Francisco's manager, Roger Craig, said.

"I really wanted to come out and do well," Swift said, conscious of the scrutiny that December's five-player deal generated. The Giants also received Dave Burba, their No. 5 starter, and reliever also received pitcher Mike Renteria.

"The trade I think is going to be good for both teams," Swift said.

**NATIONAL LEAGUE**

"Kevin is going to do well for them and I think we've picked up the slack for him."

San Diego's five-game winning streak came to an end as Dave Ellis gave up four runs and eight hits in 5 1/3 innings.

The transition from reliever to starter has gone exceptionally well for Swift, whose 7 1/2 appearances for Seattle last season all came in relief.

"My arm has recovered really well between starts," he said. "I came up as a starter and now I've developed enough pitcher's savvy to do that."

As a sinkball pitcher, Swift also should benefit from having half of his starts on Candlestick Park's natural turf instead of Seattle's artificial surface.

Braves 3, Dodgers 0; In Los Angeles, Mike Bielecki pitched no-hitter on the way to his first win en route to a two-hitter and his first victory with Atlanta. It was Bielecki's 10th career shutout and 39th complete game in 172 starts. He hadn't beaten the Dodgers since July 19, 1989, when he pitched the Chicago Cubs to a 4-0 victory with a three-hitter. He came to Atlanta on Sept. 29 in a trade from Chicago, and lost his first start against San Francisco.

## SCOREBOARD

Major League Standings	AMERICAN LEAGUE	NATIONAL LEAGUE	Japanese Baseball
Toronto	W 1, L 0, Pct. .909	San Diego	W 1, L 0, Pct. .909
New York	W 2, L 0, Pct. .769	St. Louis	W 1, L 0, Pct. .769
Baltimore	W 2, L 0, Pct. .769	Los Angeles	W 1, L 0, Pct. .769
Chicago	W 2, L 0, Pct. .769	San Francisco	W 1, L 0, Pct. .769
Detroit	W 2, L 0, Pct. .769	Atlanta	W 1, L 0, Pct. .769
Oakland	W 2, L 0, Pct. .769	San Francisco	W 1, L 0, Pct. .769
Chicago	W 2, L 0, Pct. .769	San Francisco	W 1, L 0, Pct. .769
Texas	W 2, L 0, Pct. .769	San Francisco	W 1, L 0, Pct. .769
California	W 2, L 0, Pct. .769	San Francisco	W 1, L 0, Pct. .769
Seattle	W 2, L 0, Pct. .769	San Francisco	W 1, L 0, Pct. .769
Minnesota	W 2, L 0, Pct. .769	San Francisco	W 1, L 0, Pct. .769
Kansas City	W 2, L 0, Pct. .769	San Francisco	W 1, L 0, Pct. .769

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هاتف ان الامل

